

REVIEW OF ASSERTIONS INCLUDED IN THE
UNITED STATES SECRET SERVICE'S
FISCAL YEAR 1999
ANNUAL REPORT OF DRUG CONTROL FUNDS

OIG-01-016

NOVEMBER 15, 2000

This report has been reviewed for public dissemination by the Office of Counsel to the Inspector General. Information requiring protection from public dissemination has been redacted from this report in accordance with the Freedom of Information Act, 5 U.S.C. section 552.



Office of Inspector General

United States Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

NOV 15 2000

MEMORANDUM FOR BRIAN L. STAFFORD

DIRECTOR, UNITED STATES SECRET SERVICE

FROM:

William H. Pugh
William H. Pugh

Deputy Assistant Inspector General for Financial
Management and Information Technology Audits

SUBJECT:

Review of Assertions Included in the United
States Secret Service's Fiscal Year 1999 Annual
Report of Drug Control Funds

Attached is our report on our review of the assertions included in Section VI of the accompanying *United States Secret Service's (Secret Service) Annual Reporting of Fiscal Year (FY) 1999 Drug Control Funds* (Submission) to the Director of the Office of National Drug Control Policy (ONDCP). A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Our review disclosed that Secret Service could not locate documentation to support the calculation of the percentage of time spent on drug-related activities by each of its functional areas. These percentages were applied to Secret Service's total obligations to derive its drug control obligations. In addition, data used in the calculation of these percentages has not been updated since established in 1990. These matters have been brought to management's attention and are included in our report.

Based on our review, with the exception of the two matters described in our report, nothing came to our attention that caused us to believe that the assertions included in Section VI of the Submission are not presented in all material respects. Our report has been reviewed by your staff. Based on mutual agreement, we are issuing this report as final.

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Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Mike Fitzgerald, Director of Financial Audits at (202) 927-5789. We appreciate the cooperation and the courtesies extended to our staff.

Attachment

cc: James R. Lingebach
Acting Deputy Chief Financial Officer

REPORT OF THE OFFICE OF INSPECTOR GENERAL

To the Director of the United States Secret Service:

We have reviewed the assertions in Section VI of the accompanying United States Secret Service's (Secret Service) Annual Reporting of Fiscal Year (FY) 1999 Drug Control Funds (Submission).

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions in Section VI of the accompanying Submission. Accordingly, we do not express such an opinion.

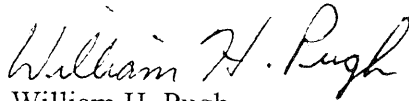
The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: *Annual Accounting of Drug Control Funds* (Circular), dated December 17, 1999, and is the responsibility of Secret Service's management. The additional information presented for FY 2000 and 2001 is not required by the Circular. Such information has not been reviewed, and accordingly, we do not express any form of assurance on it.

Secret Service's drug methodology entailed the calculation of the percentage of time spent on drug-related activities by each of its functional areas. These percentages were determined by dividing the drug related full time equivalent (FTE) by the total FTE for the functional area. Although Secret Service prepared a schedule that showed the calculation of these percentages, the documentation to support the FTEs used on this schedule could not be located. In addition, Secret Service has not reexamined the reasonableness and accuracy of these percentages since they were initially established in 1990.

Based on our review, with the exception of the matters described in the preceding paragraph, nothing came to our attention that caused us to believe that the assertions included in Section VI of the accompanying Submission are not presented in all material respects based on the requirements set forth in the Circular.

REPORT OF THE OFFICE OF INSPECTOR GENERAL

This report is intended solely for the information and use of the management of Secret Service, the U.S. Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and
Information Technology Audits

August 11, 2000



DEPARTMENT OF THE TREASURY
UNITED STATES SECRET SERVICE

January 31, 2000

MEMORANDUM FOR: STEVEN O. APP
DEPUTY CHIEF FINANCIAL OFFICER

DAVID WILLIAMS
INSPECTOR GENERAL

FROM: DANA BROWN *[Signature]*
ASSISTANT DIRECTOR OF ADMINISTRATION
AND CHIEF FINANCIAL OFFICER

SUBJECT: ANNUAL REPORTING OF FY 1999 DRUG CONTROL FUNDS

The U. S. Secret Service Drug Control Budget for FY 2001 is attached. This budget agrees with and is based on the Service's FY 2001 President's Budget, Performance Plan and Performance Report.

The Service is not requesting an increase in budgetary resources specifically devoted to carrying out the National Drug Control Strategy. However, the Service will continue having 39% of its investigative activity impacting on the effort to thwart illicit drug trafficking.

In accordance with the National Drug Control Strategy, the Service will continue to contribute to the War on Drugs by: investigating drug profits and related money laundering; conducting false identification investigations in order to interdict drug trafficking; conducting counterfeit and telecommunications/computer fraud investigations, which have proven to be an effective method of weakening the infrastructure of drug organizations; suppressing drug trafficking in High Intensity Drug Trafficking Areas; working with the West African and other task forces; and continuing the Service's drug deterrence program. A more detailed explanation of these activities is included in the attached drug budget summary for Fiscal Year 2001.

Should you have any questions or desire any additional information, the Secret Service point of contact is Donald L. Simcox, Budget Officer at 406-5791.

Attachment

cc: Director, Office of Finance and Administration
Office of Enforcement
Departmental Budget Officer

UNITED STATES SECRET SERVICE

I. RESOURCE SUMMARY

(Budget Authority in Millions)

	FY 1999 BA	FY 2000 BA	FY 2001 Base BA	FY 2001 Total BA
Drug Resources by Goal:				
Goal 2	\$80.865	\$71.007	\$69.614	\$103.925
Goal 3	<u>6.582</u>	<u>6.858</u>	<u>6.858</u>	<u>7.418</u>
Total	<u>\$87.447</u>	<u>\$77.865</u>	<u>\$76.472</u>	<u>\$111.343</u>
Drug Resources by Function:				
Investigative Operations	\$72.040	\$69.614	\$69.614	\$103.925
Administration	2.937	3.011	3.011	3.107
Crime Control Act	8.825	1.393		
Protective Operations	<u>3.645</u>	<u>3.847</u>	<u>3.847</u>	<u>4.311</u>
Total	<u>\$87.447</u>	<u>\$77.865</u>	<u>\$76.472</u>	<u>\$111.343</u>
Drug Resources by Decision Unit:				
Investigative Operations	\$72.040	\$69.614	\$69.614	\$103.925
Administration	2.937	3.011	3.011	3.107
Crime Control Act	8.825	1.393		
Protective Operations	<u>3.645</u>	<u>3.847</u>	<u>3.847</u>	<u>4.311</u>
Total	<u>\$87.447</u>	<u>\$77.865</u>	<u>\$76.472</u>	<u>\$111.343</u>
HIDTA Transfer	\$0.013			
Resources from Forfeiture Funds	\$13.838	\$75.466		\$3.920
Drug Resources Personnel Summary				
FTE:				
Direct	710.960	624.530	692.050	748.990
Information:				
Salaries & Expenses	\$660.514	\$677.312	\$677.312	\$821.596
Drug Percentage	13.239%	11.532%	11.291%	13.552%
Violent Crime Reduction Trust Fund	\$22.628	\$3.570		
Drug Percentage	39.000%	39.000%		

II. METHODOLOGY

The estimate that 39% of the workload of the Service's Investigative Operations is drug related is based upon an analysis of base staffhours expended. The 7% and 1% figures for the Protective and Administrative Operations' involvement also rely on an analysis of base staffhours.

III. PROGRAM SUMMARY

- The Secret Service drug-related investigative activities support goal 2 of the National Drug Control Strategy. The Service's employee and applicant drug testing, protectee drug-related speeches, and protection for protectees involved in other drug enforcement related activities support goal 3 of the National Drug Control Strategy.
- The mission of the Secret Service includes the authority and responsibility to:
 - Protect the President, the Vice President, the President-elect, the Vice President-elect, and members of their immediate families; major Presidential and Vice Presidential candidates; former Presidents, their spouses and minor children; and visiting heads of foreign states/governments.
 - Provide security for the White House Complex and other Presidential offices, for the official residence of the Vice President, and for foreign diplomatic missions in the Washington, DC metropolitan area.
 - Detect and arrest any person committing an offense against the laws relating to currency, coins, obligations, and securities of the United States or foreign governments.
 - Detect and arrest those persons violating laws pertaining to electronic funds transfer frauds, credit card and debit card frauds, fraud involving federally insured financial institutions, false identification documents or devices, and computer access fraud.
- Resources identified are based upon a methodology which incorporates pay, benefits and support costs of FTE devoted to drug enforcement activities. These include criminal investigations, federal/state/local task force involvement, employee and applicant drug testing, protectee drug-related speeches, and protection for protectees involved in other drug enforcement related activities.

IV. BUDGET SUMMARY

FY 2000 Base Program

- The 2000 base includes \$71.007 million for investigative activities which support goal 2 of the National Drug Control Strategy.

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

- In FY 2000, the Service will shift 240 of its investigative FTE to Protective Operations in preparation for the 2000 Presidential Campaign. Although the Service has proposed no new budgetary resources specifically devoted to carrying out the National Drug Control Strategy, it will continue to devote 39% of its investigative resources and 1% of its Protective Operations resources to drug-related activities.

FY 2001 Request

- The Service's FY 2001 drug related resources are \$111.343 million, an increase of \$33.478 million over the FY 2000 appropriation.
- In FY 2001, the Service will shift 170 of its protective FTE back to Investigative Operations. After the termination of the extraordinary protective efforts of 2000 and 2001, for protection of candidates/nominees for the presidential campaign, FTE will gradually reshift from protective to investigative operations.

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

- The total drug control request for Goal 2 activities for FY 2001 is \$103.925 million, a net increase of \$32.918 million over FY 2000.

Goal 3: Reduce health and social cost to the public of illegal drug use.

- The total drug control request for Goal 3 activities for FY 2001 is \$7.418 million, a net increase of \$.560 million over FY 2000.

V. PROGRAM ACCOMPLISHMENTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



VI. ASSERTIONS

The prior year obligations are actual and the Service asserts that the methodology it uses to calculate its obligations of prior year budgetary resources is reasonable.

It also asserts that the methodology disclosed was the actual methodology used to generate the table required by Section 5a of ONDCP Circular: Annual Accounting of Drug Control Funds.

Finally, the Service asserts that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$5 million.
